County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

July 2, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE

Rescission of Medicaid Regulations

The Bush Administration issued seven proposed Medicaid rules which, if implemented, would have reduced Federal Medicaid payments, including five rules which were issued as final rules. The graduate medical education and rehabilitative services regulations never were issued as final rules. A U.S. District Court determined that the Medicaid government provider payment limit final rule was improperly promulgated and will not take effect unless the rule were to be reissued as a final rule, which the Obama Administration will not do. Implementation of the four other final rules were blocked by a Congressional moratoria through July 1, 2009. However, on June 30, 2009, the Centers for Medicare and Medicaid Services (CMS) published final rules that rescinded all or part of three previously issued Medicaid final rules and delayed the enforcement of the fourth one. The following three Medicaid rules were rescinded:

- a final rule, which would have eliminated reimbursement for school-based administrative costs and costs of transportation to and from schools;
- a final rule, which would have limited the outpatient hospital and clinic service benefit for Medicaid beneficiaries to the scope of services recognized as an outpatient hospital service under Medicare; and

- provisions of an interim final rule, which would have restricted beneficiary access to case management services.

In addition, Health and Human Services will delay, until June 20, 2010, the enforcement of portions of a final rule which would have clarified limitations on health care related tax programs, including clarifying standards for determining whether a Medicaid provider tax includes impermissible hold harmless arrangements. This delay is intended to provide the CMS with time to determine whether states need additional clarification or guidance, further review the rule's potential impact, and give additional consideration to alternative approaches.

Allocation of HUD-Veterans Affairs Supportive Housing (HUD-VASH) Vouchers

The Department of Housing and Urban Development (HUD) has advised the County's Washington, D.C. advocates that it will formally announce the allocation of 280 Housing Choice Vouchers (HCVs) to the Housing Authority of the County of Los Angeles (HACoLA) under the HUD-Veterans Affairs Supportive Housing Program for Fiscal Year (FY) 2009. This program combines HUD HCV rental assistance for homeless veterans with case management services and clinical services provided by the Department of Veterans Affairs (VA) at its medical centers and in the community. HUD allocates the housing vouchers to local public housing agencies across the country that are targeted to homeless veterans with chronic mental health or substance abuse disorders.

Congress appropriated $75 million in FY 2008 for the HUD-VASH Program for the first time in 14 years. The County's Housing Authority, however, did not receive an allocation of any vouchers last year. An additional $75 million was appropriated for HUD-VASH in the FY 2009 Appropriations Act, enacted in March 2009. Pursuant to motion approved on April 14, 2009, your Board sent a 5-signature letter to HUD Secretary Shaun Donovan, requesting a direct allocation of vouchers through the HUD-VASH Program to the HACoLA. The County's Washington, D.C. advocates also contacted the HUD and VA on this request. On June 12, 2009, HUD sent a letter to the HACoLA, inviting it to apply for 280 HCVs, and the HACoLA submitted its application on June 15, 2009.

We will continue to keep you advised.

WTF:GK
MT:sb

c: All Department Heads
Legislative Strategist